

# Janney Elementary School

Public Private Partnership Committee

Report

18 November 2003

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# Purpose of the Report

- The purpose of this Report is to summarize the goals and activities to date of the Janney Public Private Partnership Committee, and to share our findings and recommendations with the broader Janney School community, in particular with the School Improvement Team (SIT) and the Parent Teacher Association (PTA).
- In June, the Janney PPP Committee requested proposals from 5 developers active in the Washington, DC area. All 5 developers expressed their initial interest, and 3 pursued their interests, touring the School and meeting with PPP Committee members during July and August. In September, 2 developers - LCOR and Quadrangle - submitted proposals, each with two options for the School. On October 15, the Committee met to discuss these 2 proposals. A decision was taken to present both proposals along with our recommendation in a written report to be prepared in the next few weeks. We also agreed to present an outline to the SIT in October and to the PTA in November.
- A goal of the Committee was to test the market feasibility. The initial request was made for proposals that could include Janney School and/or the school together with the Tenleytown Library. The 2 proposals that were received are both for residential development to occur on Janney School property only – neither involves a joint development with the Tenleytown library. Nevertheless, in looking at any potential Janney developments, it is clear that the School and Library share interests on issues such as vehicular access and parking which would encourage each of the two neighbors at a minimum to coordinate any development projects.
- The purpose of any PPP project would be to generate significant capital for the new construction and renovation of additional facilities not currently available at Janney School. Funding may be used for adding bathrooms, a separate cafeteria and multi-purpose room, upgrading the electrical system, installation of air conditioning and bringing the school into compliance with ADA, fire safety and other building code requirements. A comprehensive needs assessment and cost estimates will need to be completed, but it is clear that these works will require millions of dollars which Janney, as a “Tier 5” school, can not anticipate in the near future from any other source.
- It should be noted that the entire PPP is for discussion purposes at this stage and that no commitments have been made by Janney or the two developers.

# Janney Student Population

- Currently 479 students attend Janney School in 21 classes from grades pre-K through 6<sup>th</sup>
- Deal modernization as a Middle School is slated to begin in 2005 and to be completed by 2007.
- Janney Pre-K may expand from 1.5 classes today either by mandate or by natural growth in demand
- Anticipated changes at Janney by the start of the school year 2008-9
  - Assume 6<sup>th</sup> grade moves to Deal by 2008-9, resulting in loss of 69 students
  - Assume expanded pre-K adds 1 more pre-K class, resulting in addition of 20 students
- Estimated population in 2008-9 would be 430 students in 20 classes in grades pre-K through 5<sup>th</sup>
- Inbound and Outbound Students
  - Current outbound population of Janney is 29% with highest concentration in upper grades
  - Excluding 5<sup>th</sup> and 6<sup>th</sup> grade, the average outbound population would be 20%
  - Census data points to a large influx of younger children, which is reflected in large K (3.5 classes)
  - In 2003, 69 out of 116, or 59% of eligible K-age inbound children are students at Janney School.
  - In 2004, based on 2000 census data, there could be 140 eligible K-age inbound children
  - There is a clear trend towards larger numbers of inbound children in younger grades

## Current Janney Student Population 2003-2004

<b>Class</b>	<b># of Classes</b>	<b>Total</b>	<b>Inbound</b>	<b>Outbound</b>	<b>% Outbound</b>
<b>Pre-K</b>	1.5	31	31	0	0%
<b>K</b>	3.5	80	69	11	14%
<b>1st</b>	3	69	53	16	23%
<b>2nd</b>	2.5	59	52	7	12%
<b>3rd</b>	2.5	57	40	17	30%
<b>4th</b>	2	45	28	17	38%
<b>5th</b>	3	69	36	33	48%
<b>6th</b>	3	69	33	36	52%
<b>Total</b>	<b>21</b>	<b>479</b>	<b>342</b>	<b>137</b>	<b>29%</b>

## Census in 2000 for Janney Inbounds in 2003

<b>Age in 2000</b>	Census	Yr. in PK	Yr. in K	Yr. in 1st	Yr. in 2nd	Yr. in 3rd	Yr. in 4th	Yr. in 5th	Yr. in 6th
<b>1</b>	140	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	2008	2009	2010
<b>2</b>	116		<b>2003</b>	2004	2005	2006	2007	2008	2009
<b>3</b>	107			<b>2003</b>	2004	2005	2006	2007	2008
<b>4</b>	90				<b>2003</b>	2004	2005	2006	2007
<b>5</b>	108					<b>2003</b>	2004	2005	2006
<b>6</b>	83						<b>2003</b>	2004	2005
<b>7</b>	66							<b>2003</b>	2004
<b>8</b>	79								<b>2003</b>
<b>Total Janney age 03-07</b>	789	<b>789</b>	<b>850</b>	<b>924</b>	<b>981</b>	<b>1038</b>			

Note: Year totals extrapolated from 2004 through 2007: subtracted 6th grade and added PK at 140 each year, remaining flat.

# Physical Needs and Estimated Costs

- DCPS Guidelines for school size and facilities call for approximately 140 square feet per student. For the Janney current population of 479 students, this would mean a school of approximately 67,000 square feet.
- The current Janney School contains 39,000 square feet in the main building, with two demountable buildings adding an additional 2,000 square feet for a total of approximately 41,000 square feet or 85 square feet per student. Thus, the current space per student at Janney is approximately 60% of the recommended space.
- For the estimated school size of 430 students in 2008-9, the recommended school size would be approximately 60,000 square feet, or 21,000 square feet larger than the existing main school. For Janney, this additional space could be used to provide an expanded gymnasium, separate cafeteria & multipurpose room as well as special purpose rooms (such as a library/media center, science lab or arts space) that would allow for conversion of former classrooms in the existing building back to classroom use.
- DCPS budget estimates for new construction are \$232 per square foot for the Tier 2 schools. At these prices, the recommended addition to Janney would cost \$4.87 million dollars.
- A needs assessment for the renovation of the existing school building should be carried out. Potential needs may include an upgrading of the electrical system, installation of air conditioning and other improvements needed in order for the building to meet current building code requirements related to handicapped access, fire safety and environmental compliance.
- DCPS estimates that full renovation costs are similar to those for new construction. The full renovation cost for the existing building could therefore be as much as \$9 million USD. However, a complete renovation may not be needed or affordable within the scope of funds that could be provided from a PPP.

# Developer Proposals

- The two proposals received by the PPP Committee are summarized on the attached pages along with the site plans and elevations submitted by the two developers, LCOR and Quadrangle.
- The two firms which submitted proposals are each established developers who have completed residential and mixed-use projects in the Washington DC area and elsewhere that are valued at several hundred million dollars. Both have expressed their interest in participating in this particular project.
- Janney is under no obligation to work to with either of the two firms or to proceed with any development. When and if Janney were to proceed, we would need to determine the best way to work with the City and the prospective developers in order to plan and carry out the project.
- Each developer was asked to incorporate a 15,000 square foot addition, as well as potential renovation of the existing school with any additional funds raised through the PPP process. We assume that the two existing demountable classrooms would be eliminated.
- Either of the projects would result in trade-offs for Janney; and both would require further planning, especially with regard to traffic access.
- At this early stage both plans are conceptual, the final appearance and layout of the buildings would be designed and modified as a result of further study.
- The funding levels for Janney are for land sales only. Additional funding could be secured through PILOT or other methods of utilizing property tax revenues to be generated by the project.

# Summary of Potential Benefits

## Summary of Development Concept Proposals

15-Oct-03

Developer	Option	Estimated Benefit to Janney	No. of Units	Proposed Use	No. of Floors	Site(s) for Private Development	Site(s) for New Janney Addition	Relocation of Janney Facilities	Parking Provided to School	Parking Location	Ingress / Egress
LCOR	Option 1	\$5,250,000	150	Rental Apartments	7	Soccer Field	Albemarle Wooded Area	Soccer Field, Parking	50	Underground	Albemarle St.
	Option 2	\$7,500,000	150	Condo Apartments	7	Soccer Field	Albemarle Wooded Area	Soccer Field, Parking	50	Underground	Albemarle St.
Quadrangle	Option 1	\$4,400,000	67	Condo Apartments and Semi-Detached Homes	5	42nd and Albemarle Wooded Area	Rear of Janney School	Wooded Play Area	40	Existing	Albemarle St.
	Option 2 (includes Option 1)	\$6,800,000	123	Condo Apartments and Semi-Detached Homes	5 and 6	42nd and Albemarle & Soccer Field	Rear of Janney School	Soccer Field, Parking	40	7 Surface and 33 Underground	Albemarle St.

### Notes:

Please note that all figures provided are preliminary estimates only and do not constitute formal offers by the developers. The estimated benefit to Janney may be used for construction of a 15,000 s.f. new addition and/or renovation of the existing school building. The estimated benefit does not include any potential PILOT funding based on property taxes to be generated by the private development.

# The LCOR Proposal

## Experience

LCOR served as the developer of the Oyster School, which utilized a PPP to build an \$11 million school in exchange for land provided by the City to build apartments. The company worked closely with the 21<sup>st</sup> Century School Fund and DCPS and is familiar with the public development process as well as the specific requirements of DC schools.

## Development Concept

LCOR has proposed to build 150 units on the site of the current soccer field and to relocate the existing soccer field to the area behind Janney School now used primarily for parking. 40 existing parking spaces at the rear of Janney School would be replaced with one floor of underground spaces containing up to 50 spaces. The housing units would be either condominiums or apartments. LCOR estimates a higher value for the property for condominiums. The proposed school addition would be added on Albemarle Street on the site of the current demountable classroom.

## Issues to Consider

**Density:** By creating a large development on the soccer field, Janney would receive the highest dollar amount per square foot of property contributed. The building would provide a sound buffer from Wisconsin Avenue but would also eliminate the current green space.

**Traffic Access:** Building on the soccer field may permit a design that would incorporate a new drop-off lane to alleviate traffic on Albemarle St. Since the Tenleytown Library may have need for additional parking not required by Janney in its off hours, there may be a win-win potential scenario for a design that would allow egress directly to Wisconsin from the condo building.

# The Quadrangle Proposal

## Experience

Quadrangle has built or acquired 38 buildings over the past 30 years totaling over 11 million square feet of office, hotel and residential space. Quadrangle has developed 2 apartment buildings in the Dupont Circle area and currently has 10 projects in various phases of development totaling 2.8 million square feet and valued at over \$500 million.

## Development Concept

Quadrangle has proposed two options depending on the amount of funding Janney would require. Option 1 would be to develop the wooded area to the west of Janney School with 6 semi-detached homes along 42<sup>nd</sup> Street and a 61-unit condominium building between these homes and the school. Option 2 would further involve the development of 56 condominiums on the site of the current soccer field and the relocation of the soccer field to the rear of the building. In either case, expansion facilities for Janney could be attached to the rear of the existing school building.

## Issues to Consider

**Semi-detached homes:** The development of semi-detached homes will soften the impact of the apartment building on 42<sup>nd</sup>/Albemarle. The concept is similar to homes built adjacent to the Alban Towers redevelopment.

**Funding:** If Janney is unable to utilize the property tax revenues through PILOT or another program, then funding generated from Option 1 may not be sufficient on its own to pay for a both new addition and renovation of the existing school building.

**School Expansion:** It may be possible to add additional space to the existing Janney building by replacing the current one-story gymnasium with a three-story gymnasium and cafeteria. The actual configuration of the Janney expansion would be determined by Janney.

# Conclusion and Recommendation

- The estimated benefits to Janney School from the proposals we received range from \$4.4 to \$7.5 million based solely on the market value of the land that would be used for construction of 67 to 150 units. Roughly, this equates to \$50,000 per unit. These figures represent actual funds that would be available for Janney School improvements, in addition to any costs for relocating existing parking, playground or athletic facilities.
- In the Oyster School example, the City implemented a PILOT program (Payment in Lieu of Taxes) to provide bond funding to pay for the school that was repaid from new property taxes generated by the private development of formerly public land. Implementation of this kind of structure for Janney could potentially double the financial benefits available to fund the School. Since the Janney property currently generates no property taxes, this would come at no cost to the current City budget.
- Based on our review of the two proposals, the PPP Committee recommends to the SIT that Janney further explore the concepts developed under Option 1 presented by Quadrangle Development. The proposal offers the minimum disruption to current school facilities and could provide sufficient funding for the school if a PILOT program were implemented to secure property tax revenues as well as the initial land payment. The scale of the buildings may be more acceptable to the surrounding community; and the use of the topography of the hill as well as the construction of smaller semi-detached buildings along 42nd Street would soften the visual impact of the apartment building.
- As a Committee, our primary goal has been to determine whether a Public Private Partnership would be feasible for Janney and what would be the potential benefits and trade-offs from the implementation of such a partnership. We are pleased to present our findings to the Janney community and to seek further recommendations for how best to review these findings within the school and within the surrounding community. Ultimately, the Janney SIT would be the appropriate body to decide whether or not to pursue the improvement of our school through a PPP.

# Timeline and Next Steps

- A Public Private Partnership may take several years to put together and the actual construction of a new addition and renovations would likely take two years in and of itself. We have looked at the school year 2008-9 in 5 years' time as a realistic goal for when Janney School could receive the benefits of such a partnership, if it were to be pursued.
- The School should take time at the initial stages to consider whether the benefits of new school facilities will justify the trade-off to the school in terms of land that will be given up for private development.
- The PPP Committee recommendation is being made to the Janney SIT and the Janney PTA so that the school community can decide how best to proceed. It is clear that additional information should be gathered on the physical needs of the school as well as the potential financing terms that would be available to the school to meet these needs.
- The DC Board of Education has approved regulations in 2002 establishing a process for the implementation of PPP initiatives which calls for such initiatives to originate with the Superintendent. Therefore a likely next step if Janney were to resolve to move forward would be to formulate a recommendation to the Superintendent to initiate this process.
- Janney should also pursue further outreach to the community, in particular with its institutional and residential neighbors to discuss issues of ingress and egress and to the City Council and Mayor's office to discuss potential funding options.